

2020 PULSE  
40 YEARS



ANNUAL REPORT 2020



# PULSE HOMES

## Villa Ronai

natural • tranquil • timeless

Pulse intends to commence construction of 30 homes in the valley at Villa Ronai in 2021. Below are images from the architects' schematic design.



## CHAIRMAN'S STATEMENT

### PULSE INCOME, PROFITS UP IN 2020

Pulse is now a diverse real estate, lifestyle and media company. In year ended June 30, 2020, Pulse increased its profits by 22.2%. Profits moved from \$653.2 million in 2019 to \$840.3 million this year. Revenues also increased, moving by 18.9%, up from \$1.06 billion in 2019 to \$1.26 billion this June.

Earnings per share also rose, increasing to 13 cents from 10 cents in prior year, adjusting for the 4 for 1 stock split effected this March.

Administrative and other expenses increased by 4.9%, up from \$376.6 million in 2019 to \$395.4 million as at June 30, this year. Expenses were tightly contained in the last quarter of 2020, given the COVID challenges and the resulting closure of Pulse Rooms, plus the cancellation of Caribbean Fashionweek.

Pulse recorded gains across most lines of business including media content production and distribution, as well as property rentals and investment property. Model agency commissions were down, as was income from Pulse Rooms and live event ticket sales, all a result of the impact of COVID 19.

Gains in pandemic resilient media content production and distribution (largely TV shows), property rentals and investment property were sufficient to offset reductions from Pulse Rooms, CFW and model agency commissions. TV revenues were up 24.2%, moving from \$253.3 million in 2019 to \$314.5 million as at June 30, 2020. Property rentals increased marginally, moving from \$88m in prior year to \$94.4m in 2020. Gains on investment property reflected a 33.6% increase, moving from \$435.1 million in 2019 to \$581.7 million this year, as the value of an expanding portfolio of new and existing real estate investments increased. The new lifestyle village at Villa Ronai, consisting of suites, spa, wedding and fashion centre will be ready to commence business, as soon as the pandemic subsides sufficiently.

Pulse is optimistic regarding its model management business, as a new focus on black models in the international market, especially in NY, creates new opportunities for expansion. This year, model commissions were down from \$59.9 million in 2019 to \$46.1 million.

Pulse's assets are currently at \$4.7 billion, up from \$3.65 billion in prior year. Liabilities are at \$614 million, up from \$415.5 million in prior year.

Cash in hand (including bank balances) is at \$119.2 million (\$48.4 million in 2019).

We are heartened by the 2020 results, given the challenges caused by the global pandemic. We anticipate continued success as Pulse maintains its tradition of innovation and diversification as a hedge against the uncertainties that lie ahead. We are committed to working even harder going forward, in an effort to realize our company's tremendous potential. Let me take this opportunity to thank all team members as well as the company's clients, service providers and shareholders for their continued support.

**Kingsley Cooper, C.D., LI.B**  
*Chairman*



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Pulse, we are committed to being both financially successful and a responsible company, as we recognize that our long term success is dependent on creating value for all who have a stake in the organization.

### CSR Framework:

**Governance** – through our Board of Directors, we continue to develop clear mandates, policies and processes, along with ensuring that we are in compliance with all national and regulatory bodies to which we relate.

**Employees and Contractors** – are the vehicle for us to fulfill our mission due to their dedication and commitment to the organization. We are committed to providing safe and supportive environments for their growth and development and to their personal and professional success.

**Clients** – and our potential clients – are the reason we exist. Our commitment is to treat each and every one with respect, to support their aspirations and represent their interests to maximize their opportunities at all times. We are also committed to ensuring that the young people in Jamaica see the industry, in which we operate, as a means to achieving their goals and aspirations.

**Society** – there are many ways in which we demonstrate our commitment to the society - by operating in environmentally friendly ways, minimizing our carbon footprint, recycling, encouraging staff volunteerism and educating the public on aspects of the industry. Our largest area of contribution is made through our commitment to positive and holistic youth development through the employment and development of young people who are able to be financially secure, serve as role models in their communities and offer hope to future generations of Jamaican youth.



## BOARD OF DIRECTORS



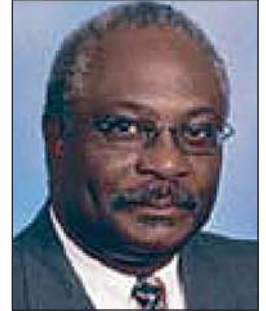
**Kingsley Cooper, C.D., LI.B**

*Chairman*

Kingsley Cooper chairs the board of Pulse Investments Ltd. An attorney at law, Cooper is the founder of the company. A pioneer in the fashion, modeling, lifestyle and entertainment industries in the Caribbean, Cooper has guided Pulse to pre-eminent status in its areas of operation. His work has been recognized by entities such as Vogue, the BBC and Fashion Television. Pulse supermodels have held some of the top spots in world modeling and are highly respected.

**Jeffrey Cobham B.A.**

*Director*



Jeffrey Cobham has been the company's main financial consultant for the past several years. As such, he has assisted the company through its challenges and continues to play a key role in the company's financial planning. Cobham is chairman of the audit committee. Mr. Cobham is a former managing director of the National Commercial Bank and is a director of Sagicor Life Jamaica, Pan Caribbean Financial Services. He sits on the board of a number of other companies in Jamaica. A musician, Mr. Cobham plays classical guitar.



**Romae Gordon, M.A.**

*Director*

Romae Gordon is Co-Managing Director at Pulse. She holds portfolio responsibilities for the Caribbean Model Search, Caribbean Fashionweek and the Pulse Model Agency. She has helped to successfully steer the careers of several of the company's international models. Gordon is also a host and producer of a number of Pulse Television shows including Caribbean Fashion Weekly, Ready for CFW and the CMS Reality TV series. Gordon graduated from Trinity College in Hartford, Connecticut USA with a Master's degree in Public Policy. She holds a bachelor's degree with honours in International Relations from the same institution.

**Eleanor Brown, B.Sc., M.Phil., JD**

*Director*



Eleanor Brown is a Yale trained lawyer who is currently Managing Director of Island Growth Fund, Cayman Ltd. a mutual fund company. A Rhodes scholar, Ms. Brown studied politics at Oxford University and holds a degree in molecular biology from Brown University. She is a member of the Connecticut and Jamaica Bar Associations.



**Hilary Phillips, C.D., B.Sc., Q.C.**

*Director*

Co-founder of Pulse, Hilary Phillips was an early choreographer for the company's fashion and beauty shows and has given critical support and advice to the company over the years. Ms. Phillips is a former partner in the law firm Grant, Stewart, Phillips and Company. She previously chaired the regulatory division of the council of the Jamaica Stock Exchange. A Queens Counsel, Phillips is a former president of the Jamaica Bar Association. Ms. Phillips is a judge of the Court of Appeal.

**Lois Sherwood, C.D.,J.P.**

*Director*



Lois Sherwood, a Business Executive, is the former Honorary Consul for Lithuania in Jamaica. Mrs. Sherwood is also a highly regarded fine artist (painter) and has exhibited her work in several countries of the world. She owns and operates Island Homes Ltd., a property development company as well as Restaurant Associates Ltd., franchisee for Burger King, Jamaica.



**Safia Cooper, M.B.A.**

*Director*

Recently appointed to the Pulse Board, Safia Cooper is Co-Managing Director of the company. She holds portfolio responsibility for Pulse's hospitality and leisure business. Before Pulse, Cooper held managerial positions at Red Stripe Jamaica and Diageo Brazil. She holds a BSc in International Relations from the UWI and an MBA from Nova Southeastern University.

**ATTORNEYS-AT-LAW**  
Grant Stewart Phillips & Co.  
11A Swallowfield Road,  
Kingston 5, Jamaica

**AUDITORS**  
BDO  
26 Beechwood Ave.  
Kingston, Jamaica

**REGISTRARS & TRANSFER AGENTS**  
KPMG Regulatory & Compliance  
6 Duke Street, Kingston, Jamaica

**BANKERS**  
National Commercial Bank  
The Atrium, Trafalgar Road  
Kingston 10, Jamaica

**COMPANY SECRETARY**  
Romae Gordon  
**REGISTERED OFFICE**  
38a Trafalgar Road,  
Kingston 10, Jamaica

# On The Pulse Of Black Beauty And Racial Justice



**Alicia Burke**

“Her features are too strong; she is not quite right for us.” This was the typical response of international agents when we introduced many of our models. Lois Samuels saw every model agent in Paris, London, and New York without success before Beth Ann Hardison, herself a black activist against racism in the fashion industry, signed Samuels to her agency. Lois would become a big success and Pulse’s first Vogue cover girl.

I would take bets as to whether that “too strong” statement would be uttered today. The seismic shift in thought about how the power structure views black people and obstacles we have had to surmount would immediately void those words. And still, we have got even more negative feedback over the 40 years that Pulse has been introducing black models to an industry with very little representation of our race. It was common to hear that agencies already had enough black girls on their books and, therefore, could not accommodate any more. Yet, we have been undeterred and, nonetheless, very successful.

## ERAS OF BLACK MODELS

Pulse has driven the ascendancy of black models in the world at three different periods in the last 35 years: first during the late '80s and early '90s in the Lois Samuels - Angela Neil - Nikki Vassell era, then the early 2000s in the Nadine Willis - Jaunel McKenzie - Carla Campbell - Oraine Barrett era, followed by the mid- to late period of the first decade of the 21st century in the Jeneil Williams-Gaye McDonald - Suna Gottshalk - Sedene Blake era. Once again, a new guard from Pulse is ascending, led by Alicia Burke with Francine James and Miqueal Symone Williams. Regardless, our success would have been multiplied manyfold if the industry had been open to giving black models and, indeed, all black professionals an equal opportunity.

For us, it has been an unwavering and consistent 40 years of advancing and celebrating beautiful black lives in the business of modelling. We have long recognised our power, strength, and intrinsic ability to represent blackness and beauty to and for ourselves as Jamaicans. And so when Kingsley Cooper started Pulse and set out to show the modelling powers in Paris, London, and New York that we, too, should have a seat at the table, he was undaunted by the ingrained, institutionalised prejudice. The challenges were all around, but the successes would just be one campaign, one magazine editorial, or a cover away. It was enough to encourage the sensibilities and fortify the belief that even more was possible. The foundation was laid, and it was then time to get to work to show that this was not just a flash in the pan but the beginning of a modern modelling industry for Jamaica and the wider Caribbean. And yes, young black women could look to modelling as a career option, despite the misgivings about its viability, particularly back in those days.

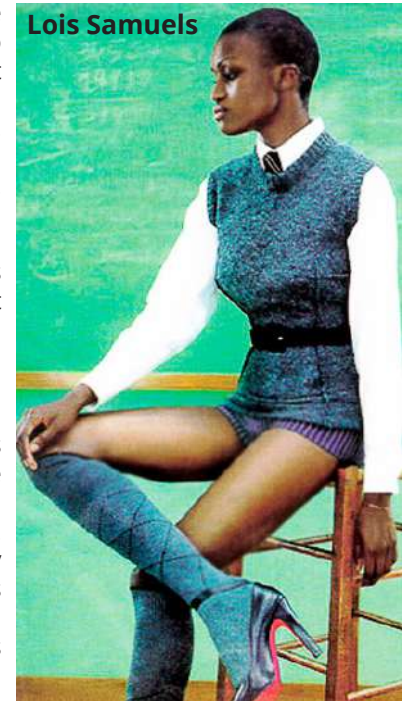
## SUCCESSFUL PULSE MODELS

Powered by passion and driven by a strong motive to produce results, the Pulse system of introducing new faces from

**by Romae Gordon**

*Published in the Jamaica Gleaner, August 23, 2020*

Jamaica and later, the greater Caribbean to the international market took hold and developed many early successes. These successes spanned both sides of the Atlantic. Kimberley Mais, a trailblazer, made her mark in Tokyo, Paris, and New York. To this day, hers is one of the most successful careers of all Pulse models. Angela Neil, Althea Laing, Juline Samuels, and a host of others would be featured in magazines and advertising in the major markets of New York, London, Paris, and Milan. Since then, the list of highly successful Pulse models has been widely documented, from multiple cover girl Lois Samuels to Jaunel McKenzie,



**Lois Samuels**



**Nadine Willis**

who became the world’s number one black model for three years running, to Jeneil Williams, who appeared in the first all - black edition of Vogue (Italian). Fast - forward to more recent times with Alicia Burke’s cover appearance, again, for Vogue Italia. Pulse models have worked for the most important fashion brands worldwide.

Although significant for Pulse, in the global context, this was little more than tokenism in how the fashion world saw and used the services of black beauty. Rarely did a black model front a global fashion campaign for a major brand (as did Nadine Willis for Gucci in 2002) or appear on a major magazine cover.

Fashion’s white power brokers kept a tight rein and limited the access of a significant number of beautiful black women.

*continued on page 59*



# Pulse Expands Television Reach during COVID-19

Lifestyle, media and property company, Pulse Investments Ltd has capitalized on the lockdown caused by the Corona virus by expanding its network of TV affiliates now broadcasting the company's television titles across the Caribbean and in international markets.

Caribbean Fashion Weekly and the Caribbean Model Search are among Pulse's key TV titles and this year's shows are among the most exciting of the long running series. As such, they are now pulling new audiences in the markets in which they are shown. What's more, with the stay at home protocol caused by the pandemic, the natural audience has been expanded. Broadcast partners in the Caribbean include the CBC in Barbados, Choice Media in St. Lucia; TTT in Trinidad and Tobago; ABS in Antigua; NCN in Guyana; GBTV in Belize; ZNS in the Bahamas and IRIE JAM media in the United States.

With television programming covering the highly regarded Caribbean Fashionweek and the premier regional model event, the Caribbean Model Search Reality TV series, the company is enjoying a substantial surge in interest as its media partners look to bring more regional focused programming to viewers. "We are able to provide rich content that reflect our people, their creativity and success in fashion and modelling and the impact they are having in the global space. It is television production of the highest quality and audiences are keen to see this kind of programming. We want to see ourselves and celebrate our accomplishments." says Romae Gordon, co-managing director of Pulse.

As the world grapples with the COVID-19 pandemic, and production houses reschedule shoots for the new year, Pulse has sought to increase the volume of programming being broadcast on its partner channels. Armed with an extensive tv library of great fashion, beauty and music centered programming, the company has been able to provide both current as well as past seasons of its TV titles to facilitate 'binge' watching with people sheltering in place and working from home. Pulse's broadcast partners have expressed satisfaction at the production standard of the shows and their high entertainment value. "The shows air in prime-time and we look forward to receiving the new season every year," says NCN's Andrea Bryan. "Pulse was born out of innovation and its creation of international standard, Caribbean focused programming, has met the moment", Pulse Chairman, Kingsley Cooper notes. "Television production has been one of the pillars of our business and during the COVID-19 crisis, we are able to seize the opportunity to expand our reach and bring great entertainment to our audiences."

Plans are already in place to broaden Pulse TV's footprint. Aside from the build out of its YouTube channel PulseWorld360, more regions of the U.S, the U.K. and Europe will be added later in the year. The company expects to see its programs broadcast throughout Africa, further to agreements already executed.



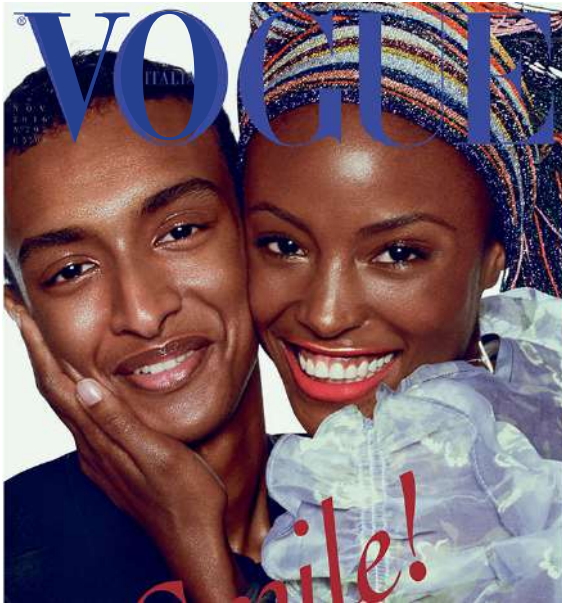
Winner, CMS TV show 2019, Shantae Leslie is now signed to IMG models. Leslie is completing high school before starting her international career.



CMS TV show 2019 runner-up, Zan Hyde is now signed to Select Miami and Elite Models in New York



CMS TV Judges on set at Villa Ronai (l-r) Kingsley Cooper, Romae Gordon & Oraine Barrett.



# Alicia Burke COVERGIRL

Alicia Burke is currently the leading covergirl from Jamaica and the wider Caribbean. Over the last couple of years, her covers include Vogue, Harper's Bazaar, Elle, Issue, DuJour and She Caribbean.





## **MANAGEMENT DISCUSSION & ANALYSIS FOR YEAR ENDED JUNE 2020**

### **Vision, Mission, Core Business & Strategy**

#### **Vision and Purpose**

As a pioneer in the development of the region's fashion, entertainment and lifestyle industries, as well as a leader in elevating Caribbean talent to the top of the world stage, Pulse continues to lead through innovation, diversification, performance and excellence. In this process, the Company is committed to an efficient and profitable operation, thereby delivering an acceptable financial return to its shareholders.

With its expanding business in the Caribbean and the world and notwithstanding the impact of the global Covid -19 pandemic, the Company's ultimate objective is the globalization of the Pulse brand, with the attendant delivery of benefits to shareholders on a significantly larger scale than currently obtains.

#### **Pulse Core Business**

Pulse started as a promoter of prodigious talent in the fashion and entertainment industry, the type of talent that is well endowed within the borders of Jamaica and the wider Caribbean. The directors of the Company recognize that the unique beauty, culture and talent of the Caribbean are the comparative advantages to the rest of the world. Globally, we have the advantage of technology to exploit these unique qualities and develop them into high end products that can command international attention. This is the goal of Pulse; to become an even greater player on the international landscape and to fully develop its range of activities, locally and internationally.

In fulfilling this mandate Pulse has continued to produce outstanding fashion models and to grow its model management business locally and internationally. The Company has also managed to successfully marry its fashion know-how with a newer focus on television, event production and a fast growing real estate business. This diversified yet streamlined model has resulted in a total of twelve (12) different revenue streams for the Company.

However, Pulse's real estate portfolio of shops, offices, restaurants, accommodations, event venues and hotel facilities are now a key part of the company's core business. It is the perfect balance with Pulse's creative projects. With the coming on stream of the suites at Villa Ronai in 2021 and the planned development of 30 Pulse homes in 2023, Pulse's real estate arm is set to take an even more central role in the Company's operations.

Chief among the Company's revenue drivers are the following core activities:

#### **The Pulse Brand**

The international success of the Pulse supermodels, Caribbean Fashionweek (CFW) and other Pulse events and activities, has provided high visibility and international awareness of the Pulse brand, thus enabling the Company to better image its products and to further trade on the value of its name recognition.

#### **Pulse Rooms and Offices At Trafalgar**

Pulse has now completed a 22 room accommodations development at 38a Trafalgar Road, that is projected to generate \$70m in annual revenues. In the period of the Covid pandemic, Pulse has converted half of its rooms to short stay offices.

#### **Pulse Suites At Villa Ronai**

Pulse has completed 68 guest suites at Vilia Ronai. The suites will be open to the public in the first quarter of 2021. See [pulseleisurejamaica.com](http://pulseleisurejamaica.com)

In the post pandemic period these suites are expected to generate approximately \$350 million in annual revenues, assuming a 66% occupancy level.

#### **Pulse Television (TV) Productions**

Pulse owns and operates its own studio, filming and editing facilities as well as its main shoot locations. The Company sells its TV shows to cable television stations, free-to-air television stations and internet broadcasters in the local, Caribbean and international markets. Pulse also uses these shows to market the Company as well as other Company events and activities.

TV shows are sold to broadcasters who pay for these shows with advertising entitlement credits, as well as cash. Entitlements are either sold to sponsors as part of sponsorship packages, or used by Pulse in the marketing and promotion of its own brands.

Some of the better known TV titles include:

- Caribbean Fashion Weekly
- Caribbean Model Search
- Best of CFW



## MANAGEMENT DISCUSSION & ANALYSIS JUNE 2020 (CONTD)

### Pulse Schools Model Search

Pulse inaugurated the Caribbean's first ever Schools Model Search in 2018. Several international model prospects have emerged from the first staging and the event is expected to grow from the current 40 schools to over 100.

Pulse earns revenues from sponsorships, advertising, grants and ticket sales.

### Pulse Model Management

Pulse operates the Caribbean's oldest and most successful international model agency. Pulse models have created many firsts for the region in the areas of editorial and runway work as well as campaigns and advertising. Some highlights include appearances on the covers of Vogue, Esquire, Elle, Bazaar, i-D and GQ magazines, Sports Illustrated swimsuit issue, the Gucci, Calvin Klein, Ralph Lauren & Victoria's Secret campaigns, the major collections of New York, London, Paris and Milan, among thousands of assignments for the most respected fashion brands in the world.

Currently, our best known stars include Alicia Burke, Jeneil Williams, Miqueal-Symone Williams, Francine James and Oraine Barrett. Over the past 15 years, supermodels such as Jaunel McKenzie, Sedene Blake, Carla Campbell, Nadine Willis, Nell Robinson and Gaye McDonald have made their mark globally. In earlier years, Justine Willoughby, Lincoln Wynter, Kimberley Mais, Angela Neil, Romae Gordon, Nikki Vassell, Lois Samuels and Juline Samuels were some of the agency's major successes.

Italian Vogue covergirl Alicia Burke is now one of the 50 highest earning models in the world (models.com).

Pulse earns commissions equal to 36% of total fees paid to models locally and 10% of total fees paid to our models internationally. These are standard within the international fashion industry.

### Caribbean Fashionweek (CFW) and Caribbean Model Search (CMS)

Caribbean Fashionweek returned in 2019 with a stellar presentation of the best of Africa and Caribbean designer collections, as Pulse pursues a new global initiative. It provided great content for Pulse TV. The Caribbean Model Search is both a reality TV show as well as a live event. Over the years, the preliminary stages have spanned Britain, the Caribbean, the US, Canada, as well as South and Central America. TV shows are broadcast by the network of Pulse TV partners and the live event is the source of Pulse's major modeling discoveries. Pulse earns revenues from CFW and CMS through sponsorships, advertising, grants, fees and ticket sales. CFW was not held in 2020 due to the coronavirus.

### The Peter Tosh Museum

In partnership with the Peter Tosh Estate and Peter's former companion, Marlene Brown, Pulse has established a museum to highlight the life and work of music great, Peter Tosh, one of the founding members of the Wailers, the others being Bob Marley and Bunny Livingston. The museum is located at the Pulse Centre on Trafalgar Road and offers merchandise for sale. It also hosts local and international visitors who pay an entrance fee to the museum. Pulse shares in all revenues, which also includes sponsorships and grants.

The museum is a successful operation, attracting a significant number of visitors. It has received acclaim from such entities as the New York Times, the Washington Post, The UK Guardian, Billboard Magazine and Mick Jagger. The New York Times listed the museum as a key reason for declaring Kingston to be the 24th best city to visit in 2017.

A new Peter Tosh Music Festival was inaugurated in 2016 as a part of the museum's calendar of activities. It is hosted around Peter's birthday on October 19 each year. The festival was canceled this year due to Covid-19.

### Property Rental – 38a Trafalgar Road, Kingston 10 & Villa Ronai, Stony Hill

Under a fifty (50) year peppercorn lease from major shareholder and Chairman, Kingsley Cooper, Pulse operates The Pulse Centre at 38a Trafalgar Road in Kingston, Jamaica. The Company rents approximately ninety (90%) of the premises to boutiques, beauty salon operators, offices, other shops, as well as a restaurant and bar.

Also under a fifty (50) year lease from the company's major shareholder and Chairman, the Villa Ronai property is rented periodically to the market for various events, as well as film and television shoots. It has now been developed into a life-style community consisting of multi-purpose units including restaurants, lounges and other facilities. It is home to the soon to be opened 68 unit Pulse Suites at Villa Ronai.

### Trafalgar Storage

A seventy-five (75) unit storage facility is now in operation at the Trafalgar Road property, from which Pulse earns rental income.

## MANAGEMENT DISCUSSION & ANALYSIS JUNE 2020 (CONTD)

### New Pulse Business

#### Pulse New Media and Social Networking Website

Pulse continues the development of an interactive website that will allow young people across the world to participate in opportunities that Pulse's success has provided.

This site is expected to be a key component of Pulse's plans for the future. Pulse's advertising entitlements in Caribbean and international markets will be one of the resources used to promote the site.

Pulse's revenues will come from online advertising sales and other income, including revenues that will be derived from the traffic that is expected to visit the site.

#### Strategies for Growth, Key Performance Drivers & Increased Shareholder Value

Strategically, Pulse's growth has come and will continue to come from the natural development and expansion of its existing businesses locally, regionally and internationally, as well as the establishment and promotion of new businesses. Given their nature, Pulse's business activities are ideal for international expansion. Also, the new lines of business have synergistic value and are natural outgrowths of the Company's core businesses.

Pulse's growth is expected to continue into the foreseeable future. The continued growth of the Company is premised on the following factors:

- The Company will continue to tightly manage cost so as to maintain its high profit to revenue ratio.
- Pulse's real estate expansion will significantly increase revenues and profit as well as capital gains and increased asset values. This will continue into the foreseeable future.
- A commitment to the use of new technologies to drive new businesses and make the Company more efficient.
- Pulse's production of television programs has a number of strategic benefits. Once these programs are produced, the incremental cost of exporting and distributing them is minimal and the costs of production are absorbed by incremental distribution revenues.
- The appeal of the Company's products to the wider world; given the power of brand Jamaica as well as the natural romance with and historical acceptance of Jamaica and the wider Caribbean.
- Enhanced Board of Directors and management capacity.
- Sustainability and constant renewal of Pulse's talent pool.
- The increasing level of diversification of Pulse's revenue sources.

#### Capability to Deliver Results

Pulse has the capacity to deliver its projected results. A team of professionals, including seasonal contractors, provide the expertise and work force required to implement the Company's businesses.

#### Results of Operations

For most of the past 6 years, Pulse's results have improved year over year, thereby generating outstanding growth and profit.

#### Risks

Pulse recognizes the following risks to its business.

- A local or international crisis such as the Covid-19 pandemic can have a severely negative impact on local and/or global business.
- The Company's quarterly operating results may fluctuate significantly in the future based on a number of factors, many of which are not in its control. If the Company's revenues are lower than projected because of changes in the macro and micro economic environment, or decreases in the demand for products and/or services offered, the Company may not be able to reduce its spending immediately in response.



## MANAGEMENT DISCUSSION & ANALYSIS JUNE 2020 (CONTD)

In addition, fluctuations in the Company's quarterly results could adversely affect the market price of its shares in a manner unrelated to its long term operating performance. Consequently, the Company's future success depends on its ability to identify trends in its target markets and to offer new products and/or services that address the changing needs of target customers.

- Sponsors of the Company's various programs may be affected by a downturn in macro or micro economy and may not be able to provide similar levels of sponsorships in the future. This could affect the Company's ability to generate expected levels of revenues in the future.
- The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retroactively.
- The Company is targeting the international market for a number of new products and services. While expansion into overseas markets provides new revenue opportunities, it is difficult to forecast the extent to which the Company will be successful in getting its products and services accepted in such markets.
- The Company will need to successfully hire, train motivate and manage staff with the requisite skills to ensure the continued growth of its unique business model. The Company could face challenges identifying the right talent or could be required to pay high levels of compensation to secure such skills. On the other hand, the loss of one or more of its key employees could have a material adverse effect on its business.
- The Company faces operational risks such as those arising from inadequate or failed internal controls. Failed computer systems, employee fraud or other criminal activities. Although the Company exercises diligence in ensuring that adequate back up systems are in place and that operating policies and procedures are adhered to, the Company is exposed to disruptions in its operations that could cause financial losses.
- There could be volatility in the stock price due to the performance of the Company or due to market conditions affecting stocks traded on the JSE. Volatility may continue over substantial periods of time.
- To establish market acceptance of a new product or service, the Company must dedicate resources to research and development as well as sales and marketing. The Company could also incur substantial costs in developing a new product or service, which often precede meaningful revenues from the sale of such product or service. Consequently, new products can require significant time and investment to achieve profitability. Stockholders should note that its efforts to introduce new products or services may not be successful or profitable. In addition, products or services launched in any period and the level of acceptance gained by these products are uncertain and may affect quarterly and annual results.
- In the event that the shareholders of the Company in general meeting hereafter authorize the creation of additional shares in the Company and such shares are subsequently issued, they may rank pari passu with existing ordinary shares and be entered on the official list of the Jamaica Stock Exchange. Additional shares issued could affect the trading performance of the stock.

### Risk Management

Pulse continues to operate a low debt business model, being mindful of the high volatility that has prevailed in the Jamaican market. This low debt model has been maintained despite the build out at Villa Ronai and Trafalgar Road.

Pulse employs best practices in the execution of its various business segments in order to minimize risks to its business and protect shareholder value.



## **PULSE INVESTMENTS LTD - PURPOSE**

As a pioneer in the development of the region's fashion, entertainment and lifestyle industries, as well as the elevation of Caribbean talent to the premier position atop the world stage, Pulse continues to lead Jamaica's creative industries through innovation, performance and excellence. With its ever increasing diversity into real estate and lifestyle investments, as well as special projects such as the Peter Tosh museum, the Pulse philosophy remains.

In this process, the company is committed to an efficient and profitable operation, thereby delivering an appropriate financial return to its shareholders. With its expanding business in the wider Caribbean and the world, the company's ultimate objective is the successful globalization of the Pulse brand.

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the annual general meeting of Pulse Investments Limited will be held at the Refuge, Villa Ronai, Old Stony Hill Road, Tuesday, February 16, 2021 at 10:30 a.m., for the purpose of transacting the following business namely:

1. To consider the Company's audited financial accounts and the Reports of the Directors and Auditors for the year ended June 30, 2020.

To consider and (if thought fit) pass the following resolution:

"THAT the audited accounts for the year ended June 30, 2020 and the Reports of the Directors and Auditors be adopted."

2. Rotation of Directors

In accordance with Article 98 of the Company's Articles of Association, Ms. Romae Gordon and Mr. Jeffrey Cobham will retire by rotation. Being eligible, Ms. Gordon and Mr. Cobham offer themselves for re-election.

To consider and (if thought fit) pass the following resolution:

"THAT Ms. Romae Gordon be and is hereby re-elected a Director of the Company".

To consider and (if thought fit) pass the following resolution:

"THAT Mr. Jeffrey Cobham be and is hereby re-elected a Director of the Company".

3. To appoint auditors and authorise the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass the following resolution:

"THAT Messrs. BDO, chartered accountants, be and are hereby re-appointed auditors of the Company, to hold office until the close of the next annual general meeting at a figure to be fixed by the Directors."

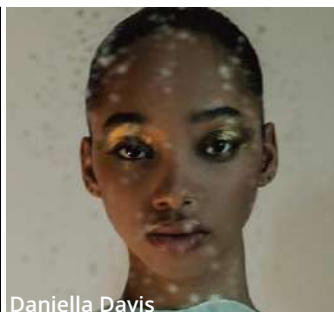
4. Any other business.

Dated this 16<sup>th</sup> day of October 2020

By Order of the Board



**Romae Gordon**  
Company Secretary





## DIRECTORS REPORT

The Directors' Report and the Audited Accounts of the Company for the year ended June 30, 2020, are as follows:

Pulse Investments Ltd netted profits of \$840.3m, a gain of 22.2% over prior year (\$653.2m). There was a 18.9% increase in income over 2019, moving from \$1.06b in 2019 to \$1.26b in 2020.

Cash and bank balances at June 30, 2020 was \$119.2m coming from \$48.4m in 2019.

Earnings per share was up to 13 cents from 10 cents in 2019, adjusting for the 4 for 1 stock split effected this March.

Pulse's assets now stand at \$4.7b compared to \$3.65b in prior year, with liabilities at \$614m, up from \$415.5m in 2019.

Pulse paid a dividend of 0.5 cents per stock unit during the 2020 financial year, up from 0.4 cents in 2019.

Debt to bondholders currently stand at \$250m (June 2020), up from bank debt of \$65m in June 2019.

Despite the global pandemic, most of the company's lines of business recorded significant gains. Increases were recorded in rental income (inclusive of leisure and hospitality), media content production, as well as gains in investment property. Reduced revenues were recorded by model agency and market sponsorship. Pulse anticipates continued gains in both income and profits going forward, especially considering its hospitality business at Trafalgar and the pending introduction of its suites at Villa Ronai, once the coronavirus is sufficiently controlled.



**Romae Gordon**  
Company Secretary

## AUDIT COMMITTEE

Pulse Investments Limited Audit Committee

### Members and Responsibility

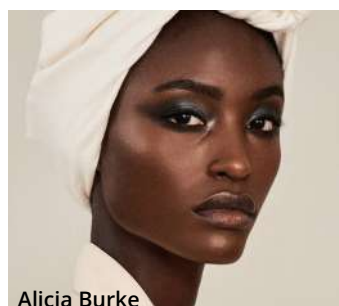
The Committee members are Jefferey Cobham (Chairman), Lois Sherwood and Eleanor Brown, non executive board members.

The committee has responsibility inter alia, for:

- (a) Reviewing and approving annual audited and interim unaudited financial statements reported to investors, along with the related policies and assumptions and any accompanying reports or related policies and statements.
- (b) Monitoring the adequacy and effectiveness of the company's systems of management and internal controls.
- (c) Developing and implementing policies regarding the engagement of the external auditors and any other services that may be supplied by the auditors.
- (d) Monitoring and ensuring compliance with the relevant regulatory requirements.

## PULSE'S CORPORATE GOVERNANCE

Pulse's Corporate Governance Guidelines are available for inspection on the company's website [www.pulseworld360.com](http://www.pulseworld360.com).



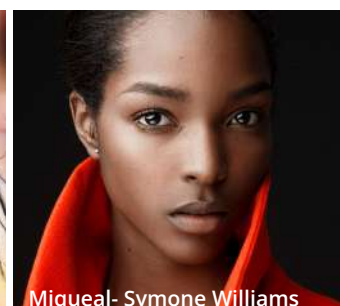
Alicia Burke



Zan Hyde



Daniella Davis



Miqueal-Symone Williams



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Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
Pulse Investments Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Pulse Investments Limited ("the company") set out on pages 7 to 44, which comprise the statement of financial position as at 30 June 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Pulse Investments Limited

### Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Impairment assessment of intangible assets</i></p> <p><i>See note 3(e) and 13 to the financial statements</i></p> <p>The recorded intangible assets of \$92.7 million arose from acquisitions of patents and trademarks from Pulse Entertainment Group Limited.</p> <p>The company is required to annually test these assets for impairment. This annual impairment test was significant to our audit because the assessment process is complex and judgemental and based on assumptions that are affected by expected future cash flows and projected economic conditions.</p>	<p>We evaluated management's future cash flow forecasts and the process over which they were determined including testing the underlying assumptions and calculations. We challenged management forecasts and compared them with historical results.</p> <p>We assessed the adequacy of the disclosures in accordance with the accounting standards.</p>
<p><i>Valuation of Investment Properties</i></p> <p><i>See notes 3(d) and 15 to the financial statements for managements disclosures of related accounting policies</i></p> <p>As at 30 June 2020, Investment Properties amounted to \$3.09 billion or 66% of total assets. During the year management determined the valuation of these properties.</p> <p>We focused on this area as the valuation requires management's judgement and estimation of future cash flows from the asset based on assumption that are affected by projected economic conditions.</p>	<p>We evaluated the appropriateness of the future cash flows used by management in the calculation. For this, among other things, we compared this information with the budgets contained in the five year plan adopted by the Board and checked it against market expectations. We reviewed the sources of data and underlying assumptions utilized.</p> <p>Since even relatively small changes in the discount rate can have a material effect on the amount of the value determined in this way, we also examined the parameters used to determine the discount rate used.</p> <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Pulse Investments Limited

**Key Audit Matters (cont'd)**

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Valuation of Advertising Entitlements</i></p> <p><i>See note 4b (iv) and 14 to the financial statements</i></p> <p>As at 30 June 2020, advertising entitlements amounted to \$1.046 billion or 22% of the company's total asset.</p> <p>Advertising entitlement is in the nature of a barter transaction giving rise to consideration receivable for shows produced by the company and delivered to various media houses in exchange for advertising entitlements.</p> <p>The valuation of the advertising entitlements is based on estimation while the timing of utilization of the benefit is uncertain.</p> <p>We focused on this area as the assumptions used for estimating the amount and timing of future cash flows involve significant judgement by management.</p>	<p>We evaluated the method used by management to determine the recoveries from the individual media houses. We discussed and reviewed the basis on which impairment is considered for outstanding entitlements.</p> <p>We assessed and tested the fairness of the advertising entitlements balance by positive confirmation of a sample of media houses.</p> <p>We obtained and reviewed legal opinion received by management in relation to the enforceability and collectability of contracts between media houses and the company.</p>
<p><i>Deferred taxation asset</i></p> <p><i>See notes 3(n) and 16 to the financial statements for management's related accounting policies and disclosures.</i></p> <p>The company has a significant amount of deferred tax asset, mainly resulting from tax losses carried forward.</p> <p>We focused on this area as the assessment of the amount of deferred tax asset to be recognised for tax losses involves judgements and estimates in relation to future taxable profits and hence the capacity to utilise available tax assets.</p>	<p>We reviewed the forecasts and critically assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. We reviewed correspondence with the relevant tax authorities to assess the position taken by management.</p>





### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Pulse Investments Limited

#### Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Allowance for expected credit losses</i></p> <p><i>See note 4b (vi) and 5d (ii)</i></p> <p>The company applies a simplified approach in calculating expected credit losses (ECL). Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Based on IFRS 9 "Financial Instruments" the company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic circumstances.</p> <p>The process of developing an expectation of credit losses requires management to use judgement which is inherently subjective.</p>	<p>In auditing the allowance for expected credit losses, we performed the following:</p> <ul style="list-style-type: none"> <li>- We evaluated the techniques and methodologies used by the company to estimate the ECL, and assessed their compliance with the requirements of IFRS 9.</li> <li>- We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used in determining the ECL for trade receivables.</li> <li>- We also assessed the adequacy of disclosures in the financial statements.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Pulse Investments Limited

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Pulse Investments Limited

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Kenneth Wilson.

Chartered Accountants

31 August 2020

**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
<b>REVENUE</b>	6	678,067	619,881
Administrative and other expenses	7	(395,386)	(376,593)
		282,681	243,288
Other income/gains	8	583,667	439,800
<b>OPERATING PROFIT</b>		866,348	683,088
Finance costs	9	( 12,660)	( 6,362)
<b>PROFIT BEFORE TAXATION</b>		853,688	676,726
Taxation	10	( 13,324)	( 23,487)
<b>NET PROFIT</b>		840,364	653,239
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Item that will not be reclassified to profit or loss -</b>			
Gain on leasehold revaluation		56,657	45,648
Deferred tax effect	16	( 13,761)	( 11,009)
		42,896	34,639
<b>TOTAL COMPREHENSIVE INCOME</b>		883,260	687,878
<b>EARNINGS PER SHARE</b>	11	13c	10c



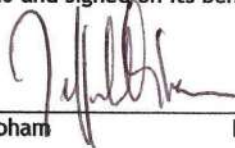
**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

**30 JUNE 2020**

	<u>Note</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	12	286,891	231,293
Intangible assets	13	92,720	92,720
Advertising entitlements	14	1,046,009	868,758
Investment properties	15	3,091,783	2,326,597
Deferred tax asset	16	<u>37,232</u>	<u>61,147</u>
		<u>4,554,635</u>	<u>3,580,515</u>
<b>CURRENT ASSETS:</b>			
Receivables	17	28,615	24,448
Cash and bank balances	18	<u>119,238</u>	<u>48,443</u>
		<u>147,853</u>	<u>72,891</u>
		<u>4,702,488</u>	<u>3,653,406</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	19	147,529	147,529
Share premium	20	366,376	366,376
Capital reserve	21	2,637	2,637
Capital redemption reserve	22	20,500	20,500
Revaluation reserve	23	185,734	142,838
Shares to be issued	24	2,609	2,609
Retained earnings		<u>3,363,125</u>	<u>2,555,376</u>
		<u>4,088,510</u>	<u>3,237,865</u>
<b>NON-CURRENT LIABILITIES:</b>			
Loans	25	250,000	65,000
Related party	26	<u>316,161</u>	<u>309,671</u>
		<u>566,161</u>	<u>374,671</u>
<b>CURRENT LIABILITIES:</b>			
Payables	27	30,448	19,716
Taxation		17,358	19,461
Bank overdraft	18	<u>11</u>	<u>1,693</u>
		<u>47,817</u>	<u>40,870</u>
		<u>4,702,488</u>	<u>3,653,406</u>

Approved for issue by the Board of Directors on 31 August 2020 and signed on its behalf by:

  
K. Cooper Director

  
J. Cobham Director

**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 JUNE 2020**

	Note	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Capital Redemption Reserve \$'000	Revaluation Reserve \$'000	Shares to be Issued \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2018		147,529	366,376	2,637	20,500	108,199	2,609	1,930,144	2,577,994
<b>TOTAL COMPREHENSIVE INCOME</b>									
Net profit		-	-	-	-	-	-	653,239	653,239
Other comprehensive income		-	-	-	-	34,639	-	-	34,639
		-	-	-	-	34,639	-	653,239	687,878
<b>TRANSACTIONS WITH OWNERS</b>									
Dividends paid	28	-	-	-	-	-	-	( 28,007)	( 28,007)
		-	-	-	-	34,639	-	625,232	659,871
Balance at 30 June 2019		147,529	366,376	2,637	20,500	142,838	2,609	2,555,376	3,237,865
<b>TOTAL COMPREHENSIVE INCOME</b>									
Net profit		-	-	-	-	-	-	840,364	840,364
Other comprehensive income		-	-	-	-	42,896	-	-	42,896
		-	-	-	-	42,896	-	840,364	883,260
<b>TRANSACTIONS WITH OWNERS</b>									
Dividends paid	28	-	-	-	-	-	-	( 32,615)	( 32,615)
		-	-	-	-	42,896	-	807,749	850,645
Balance at 30 June 2020		147,529	366,376	2,637	20,500	185,734	2,609	3,363,125	4,088,510



**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit		840,364	653,239
Items not affecting cash resources:			
Interest expense	9	12,660	6,362
Depreciation	12	2,967	2,757
Advertising entitlements net movement	14	(177,251)	( 153,721)
Fair value appreciation on investment properties	15	(581,649)	( 435,147)
Loan write off		-	( 1,104)
Taxation expense		<u>13,324</u>	<u>23,487</u>
		110,415	95,873
Changes in operating assets and liabilities:			
Receivables		( 4,167)	5,304
Payables		10,732	6,059
Related party		<u>6,490</u>	<u>81,119</u>
		123,470	188,355
Tax paid		<u>( 5,273)</u>	<u>( 2,822)</u>
Cash provided by operating activities		<u>118,197</u>	<u>185,533</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	12	( 1,908)	( 10,789)
Additions to investment properties	15	<u>(183,537)</u>	<u>( 150,862)</u>
Cash used in investing activities		<u>(185,445)</u>	<u>( 161,651)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	9	( 12,660)	( 6,362)
Dividends paid	28	( 32,615)	( 28,007)
Loan received		250,000	-
Loan repayment		<u>( 65,000)</u>	<u>-</u>
Cash provided by/(used in) financing activities		<u>139,725</u>	<u>( 34,369)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>72,477</u>	<u>( 10,487)</u>
Cash and cash equivalents at beginning of year		<u>46,750</u>	<u>57,237</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<u>119,227</u>	<u>46,750</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2020**

**1. IDENTIFICATION AND PRINCIPAL ACTIVITY:**

Pulse Investments Limited (the company) was incorporated in Jamaica under the Companies Act on 6 August 1993 and commenced trading on 1 November 1993. The company is domiciled in Jamaica and is controlled by the Executive Chairman, Mr. Kingsley Cooper. The company's shares are listed on the Jamaica Stock Exchange.

The principal activities of the company are the development and production of media content (mainly television and internet) hospitality and leisure, subletting of leasehold properties, property development, model agency representation and live show production. The registered office of the company is situated at 38A Trafalgar Road, Kingston 10, Jamaica W.I.

**2. REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

**3. SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Amounts are rounded to the nearest thousand, unless otherwise stated.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain properties that are measured at fair value or revalued amounts. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements to conform to IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standard is relevant to its operations:



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2020**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New, revised and amended standards and interpretations that became effective during the year (cont'd)**

**IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019).** IFRS 16 replaces the current guidance in IAS 17. The new standard requires changes in accounting by the company as lessees are required to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets (under US\$5,000).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Management has assessed that there is no impact on the financial statements, as the company leases land and property at peppercorn rent of \$1 for 50 years paid in advance as disclosed in Note 26 (d).

**New standards, amendments and interpretations not yet effective and not early adopted**

The following new standard, amendment and interpretation, which is not yet effective and has not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

**Revised Conceptual Framework for Reporting (effective for accounting periods beginning on or after 1 January 2020).** The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no change will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework.

**IAS 1 and IAS 8 - Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on or after 1 January 2020).** The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2020**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New standards, amendments and interpretation not yet effective and not early adopted (cont'd)**

**IAS 1 and IAS 8 - Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on or after 1 January 2020) (cont'd).**

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are not expected to have any impact on the financial statements of the company.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(c) **Property, plant and equipment**

Items of property, plant and equipment, excluding leasehold property, are recorded at historical or deemed cost, less accumulated depreciation and impairments losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Leasehold properties are carried at fair value, based on yearly valuations by the directors. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

Depreciation is computed and charged to the statement of profit or loss on the straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values over their expected useful lives.



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2020**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Property, plant and equipment (cont'd)**

Depreciation rates are as follows:

Furniture and fixtures	10%
Equipment	20%
Computer	33 1/3%
Motor vehicle	20%
Leasehold properties	over the life of the lease

Residual value, useful lives and depreciation rates are reassessed at each reporting date.

At the date of revaluation, the accumulated depreciation on the revalued leasehold properties and improvements is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(d) **Investment properties**

For properties that have dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

Investment properties are carried at fair value estimated on an annual basis by the directors with periodic revaluation done by independent valuers. Changes in the fair value of investment properties are recognized in the profit or loss. Rental income from investment properties is accounted for as described in accounting policy 3(o).

(e) **Intangible assets**

Intangible assets represent expenditure incurred for the acquisition of trademarks and patents. These are recognized initially at cost. Trademarks and patents are stated at cost less impairment losses. Trademarks and patents are determined to have an indefinite useful life as there are no foreseeable limit to the period over which they are expected to generate net cash inflows for the company. Trademarks and patents are tested annually for impairment.

(f) **Impairment**

The carrying amount of the company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(g) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity in another entity.

**Financial assets**

**(i) Classification**

The company classifies its financial assets into the category amortised cost. The classification depends on the purpose for which the financial assets were acquired.

**Amortised cost**

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

The company's financial assets measured at amortised cost comprise trade receivables and cash and cash equivalents in the statement of financial position.

**(ii) Recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. The company makes provision on lifetime expected losses. To determine the lifetime expected credit losses for receivables the probability is multiplied by the amount of the expected loss multiplied by the outstanding receivables balance at year end. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.



**PULSE INVESTMENTS LIMITED**  
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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Financial instruments (cont'd)**

**Financial liabilities**

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: loans, due to related company and trade payables.

(h) **Receivables**

Receivables are stated at amortised cost less impairment losses.

(i) **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and bank overdraft.

(j) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(k) **Accounts payable**

Trade and other payables are stated at amortised cost.

(l) **Related parties**

A party is related to the company, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - (a) is controlled by, or is under common control with, the company;
  - (b) has an interest in the company that gives it significant influence over the entity; or
  - (c) has joint control over the company.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(l) Related parties (cont'd)**

- (ii) The party is an associate of the company;
- (ii) The party is a joint venture in which the company is a venturer;
- (iii) The party is a member of the key management personnel of the entity or its parent;
- (iv) The party is a close member of the family of any individual referred to in (i) or (iv);
- (v) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vi) The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The company has a related party relationship with its directors and key management personnel representing certain senior officers of the company.

**(m) Provisions**

A provision is recognized when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

**(n) Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(n) Current and deferred income taxes (cont'd)**

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

**(o) Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured.

Operating revenue represents income from sale of TV programming, market sponsorship, model agency representation, show production and promotion and rental income from sub-letting leasehold properties.

*Advertising entitlements/Sale of TV programmes*

Advertising entitlements are received in part or full consideration for the company's production and branded TV programmes distributed to broadcasting stations by way of barter transactions. The company may utilize these entitlements or make them available to sponsors. The timing and mode of the utilization of the advertising entitlement is uncertain. Revenue from advertising entitlements is recognized to the extent that recovery is estimated.

*Sponsorships in kind*

Sponsorships in kind represent services provided by sponsors. These are recognized in income in the period that the associated expenses are recognized.

*Model agency representation*

Revenue from model agencies is recognized as commissions or management fees earned. Commissions are earned when models represented by the company have completed modelling assignments. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(o) Revenue recognition (cont'd)**

*Show production and promotion*

Revenue from the production and promotion of shows is recognized in accordance with the terms of the various contractual agreements.

*Operating leases*

Income and expenses under operating leases are recognized in the statement of profit or loss on a straight line basis over the term of the lease.

**(p) Earnings per share**

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue.

**(q) Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Based on the information presented for review by the chief operating decision maker, the entire operations of the company are viewed as one operating segment.

**(r) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

**(s) Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognised when declared by the directors.

**PULSE INVESTMENTS LIMITED**

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

**(b) Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

**(i) Fair value estimation**

Certain assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- |       |         |  |
|-------|---------|--|
| (i)   | Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities.  |
| (ii)  | Level 2 | Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). |
| (iii) | Level 3 | Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).   |

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The company measures certain items at fair value.

Leasehold property - note 12  
Investment property - note 15

(ii) **Fair value of property interest**

Properties are independently valued periodically by independently qualified valuers with expert knowledge in the location and category of the properties.

The values recognized for property interests, including construction work in progress, are based on amounts indicated by a related party engaged to carry out the construction works.

For properties that have an element of owner occupation dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) **Advertising entitlements**

Management has made an estimation of the value of advertising entitlements receivable as consideration for the company's produced and branded TV programmes delivered to broadcasting station by making reference to the approximate number of advertising spots and the average cost of acquiring these spots.



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4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(v) **Income taxes**

Estimates are required in determining the provisions for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which determination is made.

(vi) **Impairment of receivables**

In determining amounts recorded for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default in meeting settlement obligation and adverse economic conditions.

Management also makes estimates of the likely estimated future cash flows from impaired receivables, as well as the timing of such cash flows. Expected credit losses (ECL) is applied to determine impairment of financial assets. When measuring ECL, the company considers the maximum contractual period over which the company is exposed to credit risk. All contractual terms are considered when determining the expected life. The expected life is estimated based on the period over which the company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

5. **FINANCIAL RISK MANAGEMENT:**

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on activities undertaken by the Executive Chairman and seeks to minimize potential adverse effects on the company's financial performance. The audit committee has monitoring oversight of the risk management policies.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and bank balance
- Payables
- Due to related party
- Loans
- Bank overdraft

(b) **Financial instruments by category**

**Financial assets**

	<b>At Amortised Cost</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Cash and bank balances	119,238	48,443
Receivables	<u>23,289</u>	<u>23,072</u>
<b>Total financial assets</b>	<b><u>142,527</u></b>	<b><u>71,515</u></b>

**Financial liabilities**

	<b>At Amortised Cost</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Payables	16,754	10,966
Amount due to related party	316,161	309,671
Bank overdraft	11	1,693
Loans	<u>250,000</u>	<u>65,000</u>
<b>Total financial liabilities</b>	<b><u>582,926</u></b>	<b><u>387,330</u></b>

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and bank balances, receivables, payables, bank overdraft, loans and amount due to related party.

Due to their short-term nature, the carrying value of cash and bank balances, receivables, payables and bank overdraft approximates their fair value.

The carrying value of long term loans approximate their fair value as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are effective of current market rates for similar transactions.

The fair value of the amount due to related party could not be reasonably determined as there is no set repayment date.

(d) **Financial risk factors**

The Board of directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's management function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company incurs foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currency giving rise to this risk is the United States Dollar (US\$). The company ensures that the net exposure is kept to an acceptable level by monitoring its daily positions against approved limits. The table below shows the company's exposure at the reporting date.



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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

**Currency risk (cont'd)**

	<b>Foreign Currency Monetary assets</b>	
	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Trade receivable	34,901	34,565
Cash and bank balances	<u>89,595</u>	<u>8,299</u>
	<u>124,496</u>	<u>42,864</u>

Sensitivity analysis:

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances, and adjusts their translation at the year-end for 6% (2019 - 6%) depreciation and a 2% (2019 - 4%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	<b>2020</b>		<b>2019</b>	
	2%	6%	4%	6%
	<u>strengthening</u>	<u>weakening</u>	<u>strengthening</u>	<u>weakening</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Effect of change in United States dollar (US\$) exchange rate	<u>(2,490)</u>	<u>7,470</u>	<u>(1,715)</u>	<u>2,572</u>

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

**Interest rate risk**

In previous years the company materially contracts financial liabilities at fixed interest rates. As at June 2020, the company is primarily exposed to cash flow interest rate risks on its variable rate borrowing. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Cash and bank balances, bank overdraft and loans are the only interest bearing asset and liabilities respectively, within the company. The company's borrowings are fixed for a period and then revised.

**Interest rate sensitivity**

There is no significant exposure on cash and bank balances and bank overdraft as interest earned or incurred on bank balances are immaterial.

There is no significant exposure to interest rate risk on borrowings. A 1% increase/1% decrease in interest rates on Jamaican dollar borrowings would result in a \$2,500,000 decrease/ increase in profit before tax for the company.

As interest rates on the company's loans are fixed up to maturity and interest earned from the company's interest earning bank account is immaterial, there would be no material impact on the results of the company's operation as a result of fluctuations in interest rates.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

**Maximum exposure to credit risk**

The maximum exposure to credit risk is equal to the carrying amount of trade receivables and cash at bank in the statement of financial position.

**Cash and bank balances**

Cash transactions are limited to high credit quality financial institutions.

**PULSE INVESTMENTS LIMITED**  
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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Trade receivables**

The company has policies in place to ensure that rental premises and provision of other services are made to customers with an appropriate credit history. The company manages its credit worthiness prior to entering into agreements, establishing credit limits and the rigorous follow-up of receivables including procedures for eviction of tenants and recovery of amounts owing.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk.

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation rate of the country in which it offers its since to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about the ECL for trade receivables as at 30 June.

**As at 30 June 2020**

	<b>Gross Carrying Amount \$'000</b>	<b>Expected Loss Rate %</b>	<b>ECL Allowance \$'000</b>
Receivables arising from:			
Model agents	34,901	66.79	23,310
Contestants	2,080	80.50	1,674
Rental and sponsorship	<u>11,292</u>	-	-
	<u>48,273</u>	<u>147.29</u>	<u>24,984</u>

**As at 30 June 2019**

Receivables arising from:			
Model agents	34,565	50.31	17,390
Contestants	3,000	40.90	1,227
Rental and sponsorship	<u>4,124</u>	-	-
	<u>41,689</u>	<u>91.21</u>	<u>18,617</u>



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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Trade receivables (cont'd)**

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
At 1 July	18,617	23,770
Provisions for receivables impairment	30,486	18,617
Receivables written-off during the year as uncollectible	(24,119)	(23,770)
At 30 June (note 17)	<u>24,984</u>	<u>18,617</u>

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(iii) **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available, as well as by maintaining prudent financial assets in appropriate terms and currencies.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments (both interest and principal).

<b>2020</b>						
	Carrying Amount	Contractual Cashflows	Within 6 months	6 to 12 months	Over 12 months	No specific Maturity
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank overdraft	11	11	-	-	-	11
Payables	16,754	16,754	16,754	-	-	-
Amount due to related party	316,161	316,161	-	-	-	316,161
Loans	<u>250,000</u>	<u>558,247</u>	<u>9,820</u>	<u>9,661</u>	<u>538,766</u>	<u>-</u>
<b>Total liabilities</b>	<u>582,926</u>	<u>891,173</u>	<u>26,574</u>	<u>9,661</u>	<u>538,766</u>	<u>316,172</u>
<b>2019</b>						
	Carrying Amount	Contractual Cashflows	Within 6 months	6 to 12 months	Over 12 months	No specific Maturity
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank overdraft	1,693	1,693	-	-	-	1,693
Payables	10,966	10,966	10,966	-	-	-
Amount due to related party	309,671	309,671	-	-	-	309,671
Loans	<u>65,000</u>	<u>88,284</u>	<u>3,169</u>	<u>3,169</u>	<u>81,946</u>	<u>-</u>
<b>Total liabilities</b>	<u>387,330</u>	<u>410,614</u>	<u>14,135</u>	<u>3,169</u>	<u>81,946</u>	<u>311,364</u>

Management believes that the company will be able to meet its financial liabilities, as they fall due.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(iv) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

6. **REVENUE:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Market sponsorship and advertising entitlements:		
In kind sponsorship	135,608	123,280
Advertising entitlements	314,503	253,286
Cash and other sponsorship	85,463	81,306
Model agency income	46,036	59,923
Rental of leasehold properties	94,357	88,002
Ticket sales	<u>2,100</u>	<u>14,084</u>
	<u>678,067</u>	<u>619,881</u>



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**7. EXPENSES BY NATURE:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Accommodation and meals	19,580	17,681
Advertising and public relations	189,654	133,817
Auditor's remuneration	3,250	3,100
Bank charges	632	1,413
Bar costs	11,578	9,451
Cleaning and sanitation	803	777
Contracted services	14,058	15,424
Depreciation	2,967	2,757
Donation and subscriptions	363	430
Entertainment	583	635
Equipment rental	5,854	5,397
Insurance	1,944	2,131
Legal and professional fees	21,501	49,627
Office expenses	2,152	2,058
Other expenses	942	7,351
Parking services	148	208
Printing	798	976
Impairment on receivables	30,486	32,991
Repairs, maintenance and upkeep	2,379	5,080
Security services	5,822	2,936
Shows supplies and production	38,182	35,176
Travel	402	2,734
Utilities	16,625	13,597
Loss / (gain) on foreign exchange	4,080	( 2,835)
Impairment on advertising entitlement	<u>20,603</u>	<u>33,681</u>
	<u>395,386</u>	<u>376,593</u>

Included in professional fees is on an amount of \$NIL (2019 - \$34,631,000) for related party (note 26).

**8. OTHER INCOME/GAINS:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Miscellaneous income	2,018	4,653
Fair value appreciation on investment property	<u>581,649</u>	<u>435,147</u>
	<u>583,667</u>	<u>439,800</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. FINANCE COSTS:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Loan interest	12,647	6,285
Overdraft interest expense	13	77
	<u>12,660</u>	<u>6,362</u>

**10. TAXATION:**

- (a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Current taxation	3,170	10,174
Deferred tax charge (note 16)	<u>10,154</u>	<u>13,313</u>
Current taxation	<u>13,324</u>	<u>23,487</u>

- (b) The tax on the profit before taxation differs from theoretical amount that would arise using the applicable rate of 25%.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Reconciliation of effective tax rate:		
Profit before tax	<u>853,688</u>	<u>676,726</u>
Income tax @ 25%	213,422	169,182
Adjusted for the effects of:		
Disallowed expenses and other adjustments	14,233	13,864
Fair value appreciation on investment property	(145,917)	(108,787)
Other tax exempt income	(68,414)	(50,772)
Taxation	<u>13,324</u>	<u>23,487</u>

**11. EARNINGS PER SHARE:**

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year end.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Profit for the year	840,364	653,239
Ordinary shares in issue	<u>6,522,952</u>	<u>6,522,952</u>
Earnings per share	<u>13c</u>	<u>10c</u>

As a result of the stock split (note 19), all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

**PULSE INVESTMENTS LIMITED**  
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**12. PROPERTY, PLANT AND EQUIPMENT:**

	<u>Leasehold Properties and Improvements</u> \$'000	<u>Furniture, Office Equipment and Computer</u> \$'000	<u>Motor Vehicle</u> \$'000	<u>Total</u> \$'000
At cost or valuation -				
30 June 2018	176,141	8,584	5,700	190,425
Additions	-	10,789	-	10,789
Revaluation	<u>44,036</u>	-	-	<u>44,036</u>
30 June 2019	220,177	19,373	5,700	245,250
Additions	-	1,908	-	1,908
Revaluation	<u>55,045</u>	-	-	<u>55,045</u>
30 June 2020	<u>275,222</u>	<u>21,281</u>	<u>5,700</u>	<u>302,203</u>
Accumulated Depreciation -				
30 June 2018	-	7,113	5,699	12,812
Charge for the year	1,612	1,145	-	2,757
Revaluation adjustment	<u>( 1,612)</u>	-	-	<u>( 1,612)</u>
30 June 2019	-	8,258	5,699	13,957
Charge for the year	1,612	1,355	-	2,967
Revaluation adjustment	<u>( 1,612)</u>	-	-	<u>( 1,612)</u>
30 June 2020	<u>-</u>	<u>9,613</u>	<u>5,699</u>	<u>15,312</u>
Net Book Value -				
30 June 2020	<u>275,222</u>	<u>11,668</u>	<u>1</u>	<u>286,891</u>
30 June 2019	<u>220,177</u>	<u>11,115</u>	<u>1</u>	<u>231,293</u>

Leasehold properties represent properties situated at 38a Trafalgar Road, Kingston 10, St. Andrew and Villa Ronai Stony Hill, St. Andrew which are leased from a director and shareholder for a period of fifty (50) years to expire in 2066. These properties were previously leased by Pulse Entertainment Group Limited, a related company, and the leases are part of the assets acquired on the restructuring of Pulse Entertainment Group Limited and terms have been upgraded since acquisition. The surplus arising on revaluation is included in revaluation reserve (note 23).



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**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

The fair value of leasehold properties and improvements is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value is as follows:

	<b>Leasehold Properties and Improvements</b>	
	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Opening balance	220,177	176,141
Revaluation adjustment included in other comprehensive income	56,657	45,648
Depreciation	( 1,612)	( 1,612)
Closing balance (level 3 recurring fair values)	<b><u>275,222</u></b>	<b><u>220,177</u></b>

The fair value of the leasehold properties and improvements were appraised by the directors during the year (see note 15).

**13. INTANGIBLE ASSETS:**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Patents	90,000	90,000
Trademarks	<u>2,720</u>	<u>2,720</u>
	<b><u>92,720</u></b>	<b><u>92,720</u></b>

Intangible assets represent patents and trademarks acquired from Pulse Entertainment Group Limited.

The recoverable amounts of the intangible assets were determined based on a value in use calculation using estimated cash flow projections. The pre-tax discount rate applied to the cash flow projections is 10%. The projected cash flows are estimated using a growth rate of 6%.

As of 30 June 2020 the recoverable amount of each of the segment exceeds their carrying amount. With respect to the assumptions used in determining the value in use of Cash Generating Units (CGUs) in each of the segment, management believes that there are no reasonably possible changes in the key assumptions made which might cause the carrying amount of the CGUs to exceed their recoverable amount.

**PULSE INVESTMENTS LIMITED**  
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14. **ADVERTISING ENTITLEMENTS:**

(a) Advertising entitlements -

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Opening balance as at 1 July	902,439	715,037
Movement during the year	<u>197,854</u>	<u>187,402</u>
	1,100,293	902,439
Provision for impairment on advertising entitlement	<u>( 54,284)</u>	<u>( 33,681)</u>
	<u>1,046,009</u>	<u>868,758</u>

The aging of the advertising entitlements are as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Current	314,503	253,286
2 - 5 years	644,572	487,182
Over 5 years	<u>141,218</u>	<u>161,971</u>
	<u>1,100,293</u>	<u>902,439</u>

This represents non-cash consideration receivable for shows produced and delivered to various media houses. The consideration will be settled by way of advertising entitlement contractually made with those media houses. The timing and mode of the utilization of the advertising entitlement is uncertain. Upon utilization of these advertising entitlements amounts will be transferred to the profit or loss.

(b) Impairment provision -

The movement on allowance for impairment in respect of advertising entitlements during the year was as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
At 1 July	33,681	-
Increase in impairment provision for advertising entitlement	<u>20,603</u>	<u>33,681</u>
At 30 June	<u>54,284</u>	<u>33,681</u>

**PULSE INVESTMENTS LIMITED**  
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14. **ADVERTISING ENTITLEMENTS (CONT'D):**

(c) Net movement for cashflow purposes on advertising entitlement during the year:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Amounts recognised as income during the year	314,503	253,286
Amounts utilized during the year recognised as expense	<u>(116,649)</u>	<u>( 65,884)</u>
	197,854	187,402
Increase in provision during the year	<u>( 20,603)</u>	<u>( 33,681)</u>
	<u>177,251</u>	<u>153,721</u>

15. **INVESTMENT PROPERTIES:**

	<u>Leasehold property and buildings</u> <u>\$'000</u>	<u>Construction work-in-progress</u> <u>\$'000</u>	<u>2020 Total</u> <u>\$'000</u>	<u>2019 Total</u> <u>\$'000</u>
At fair value:				
30 June 2018	1,157,646	582,942	1,740,588	1,481,868
Reclassification	25,857	( 25,857)	-	-
Additions	8,162	142,700	150,862	95,815
Fair value adjustment	<u>295,876</u>	<u>139,271</u>	<u>435,147</u>	<u>162,905</u>
30 June 2019	1,487,541	839,056	2,326,597	1,740,588
Additions	537	183,000	183,537	150,862
Fair value adjustment	<u>371,885</u>	<u>209,764</u>	<u>581,649</u>	<u>435,147</u>
30 June 2020	<u>1,859,963</u>	<u>1,231,820</u>	<u>3,091,783</u>	<u>2,326,597</u>



**PULSE INVESTMENTS LIMITED**  
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**15. INVESTMENT PROPERTIES (CONT'D):**

The properties were valued at \$5.2 billion on 30 June 2019 by TASC Property Appraisals Company Limited, independent valuers who has an appropriate recognized professional qualification and experience in the location and category of the property being valued.

The fair value of the properties was determined using the income capitalization approach with the discounted cash flow method. The discount rate used was 8% with a 8% growth rate annually for the term.

On 30 June 2019, the Board of Directors decided to restrict the yearly surplus on valuation to 25% - 30% of carrying value of investment and leaseholds properties of the prior period.

During the year the investment properties and property plant and equipment were appraised by the directors. The properties were previously valued on 30 June 2019 by TASC Property Appraisals Company Limited.

The increase in the fair value of the investment property has been credited to income.

At 30 June 2020, leasehold land included in leasehold property aggregated \$153,880,000 (2019: \$153,880,000).

The land on which the leasehold properties are situated is owned by a director and shareholder (see note 26(d)). The lease is for fifty years (50) and will expire in 2066.

During the year, the following income was earned from investment properties.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Income earned from properties (note 6)	<u>94,357</u>	<u>88,002</u>

Expenses incurred on investment properties are borne by the tenants.

**16. DEFERRED TAXATION:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Deferred tax asset for the year	<u>37,232</u>	<u>61,147</u>

**PULSE INVESTMENTS LIMITED**  
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16. **DEFERRED TAXATION (CONT'D):**

(a)	Taxation is due to the following temporary differences:		
		<u>2020</u>	<u>2019</u>
		<u>\$'000</u>	<u>\$'000</u>
	Deferred income tax assets:		
	Property, plant and equipment	4,228	4,657
	Tax losses carried forward	<u>139,265</u>	<u>142,437</u>
		<u>143,493</u>	<u>147,094</u>
	Deferred income tax liabilities:		
	Investment properties	( 2,186)	( 1,516)
	Advertising entitlements	( 44,313)	( 38,430)
	Revaluation reserve	<u>( 59,762)</u>	<u>( 46,001)</u>
		<u>(106,261)</u>	<u>( 85,947)</u>
	Net asset	<u>37,232</u>	<u>61,147</u>
(b)	Deferred taxation charged to profit or loss comprises the following temporary differences:		
		<u>2020</u>	<u>2019</u>
		<u>\$'000</u>	<u>\$'000</u>
	Property, plant and equipment	429	1,303
	Tax losses carried forward	3,172	10,174
	Investment properties	670	356
	Advertising entitlements	<u>5,883</u>	<u>1,480</u>
		<u>10,154</u>	<u>13,313</u>
	Deferred taxation charged to other comprehensive income comprises the following temporary differences:		
		<u>2020</u>	<u>2019</u>
		<u>\$'000</u>	<u>\$'000</u>
	Revaluation reserve	<u>13,761</u>	<u>11,009</u>
(c)	Deferred income tax assets are recognised for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable periods is probable. Subject to agreement with the Commissioner, Tax Administration Jamaica losses of approximately \$557 million (2019: \$569.7 million) are available for set-off against future profits. These tax losses may be carried forward indefinitely, however the amount which can be utilized in any one year is restricted to 50% of the current year's taxable profits.		

**PULSE INVESTMENTS LIMITED**  
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<b>17. RECEIVABLES:</b>		<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
	Trade receivables	48,273	41,689
	Provision for doubtful debts (note 5d (ii))	(24,984)	(18,617)
		23,289	23,072
	Other receivables	3,330	138
	GCT recoverable	<u>1,996</u>	<u>1,238</u>
		<u>28,615</u>	<u>24,448</u>
<b>18. CASH AND CASH EQUIVALENTS:</b>		<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
	Cash in hand (J\$)	1,845	1,320
	Deposit (US\$)	89,595	8,299
	Chequeing account (J\$)	<u>27,798</u>	<u>38,824</u>
	Cash and bank balances	119,238	48,443
	Bank overdraft	(11)	(1,693)
		<u>119,227</u>	<u>46,750</u>

The deposit account is interest bearing.

**19. SHARE CAPITAL:**

Authorised:

7,500,000,000 (2019: 1,950,000,000) ordinary shares of no par value

	<u>2020</u>		<u>2019</u>	
	<u>No. of</u> <u>Shares</u> <u>'000</u>	<u>Ordinary</u> <u>Share</u> <u>Capital</u> <u>\$'000</u>	<u>No. of</u> <u>Shares</u> <u>'000</u>	<u>Ordinary</u> <u>Share</u> <u>Capital</u> <u>\$'000</u>
Stated, issued and fully paid at 30 June	<u>6,522,952</u>	<u>147,529</u>	<u>6,522,952</u>	<u>147,529</u>

The holders of ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at meetings of the company.



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 19. SHARE CAPITAL (CONT'D):

At an extra-ordinary general meeting held 26 February 2020 the shareholders passed a resolution for the company to sub-divide its share capital into three (3) additional shares for each existing share resulting in the number of authorised shares being increased to 7,500,000,000 ordinary shares and the total number of issued shares being increased to 6,522,952,176 with effect from 16 March 2020.

As a result of the stock split, all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

## 20. SHARE PREMIUM:

Share premium is made up as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
31,549,768 (2019: 31,549,768) ordinary shares - premium of \$0.51 each	16,042	16,042
91,341,692 (2019: 91,341,692) ordinary shares - premium of \$3.91 per share	<u>357,146</u>	<u>357,146</u>
Costs of rights issue	373,188 <u>( 6,812)</u>	373,188 <u>( 6,812)</u>
	<u>366,376</u>	<u>366,376</u>

Share premium is retained in accordance with the provisions of Section 39 (7) of the Companies Act.

## 21. CAPITAL RESERVE:

The amount represents surplus arising on the purchase of net assets of Pulse Entertainment Group Limited.

## 22. CAPITAL REDEMPTION RESERVE:

The amount represents the total redemption value of redeemed preference shares that was transferred from retained earnings in accordance with the requirements of the Jamaican Companies Act.

## 23. REVALUATION RESERVE:

The revaluation reserve represents the accumulated surplus arising on the revaluation of certain leasehold properties.

## 24. SHARES TO BE ISSUED:

This represents the value of professional services provided by Capital Options Limited which has confirmed its intention to convert 2,608,698 ordinary shares in the company. During 2013, Capital Options Limited transferred its rights to the shares to a director. If these shares were issued, the earnings per share (EPS) would not be diluted because the quantity of shares is insignificant.

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**25. LOANS:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
i. NCB Capital Markets Non-Diversified Unit Trust	-	65,000
ii. Secured Corporate Bond	<u>250,000</u>	<u>-</u>
	<u>250,000</u>	<u>65,000</u>

**(i) NCB Capital Markets Non-Diversity Unit Trust**

This loan attract interest of 9.75% per annum. The principal is repayable at the end of 60 months with maturity in January 2023.

**(ii) Secured Corporate Bond**

This represents a secured corporate bond, net of transaction cost which is being amortised over the life of the note. The proceeds were received in December 2019. The bond is at a variable interest rate of 7.7% and matures in 2024. The bond was arranged by NCB Capital Market Limited and is registered with JCSD Trustee Services Limited. Interest is payable quarterly and commenced on 13 December 2019. The principal is repayable semi-annually commencing 30 November 2021.

The loan and corporate bond is secured as follows:

1. Personal guarantee from a director
2. Mortgage over property registered at Volume 383 Folio 9 and Volume 1400 Folio 816 in name of a director (also see note 26(d)).

**26. RELATED PARTY BALANCES AND TRANSACTIONS:**

The following transactions were carried out with related parties

**(a) Provision of services and sponsorship**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Studio 38/Pulse 8 - Rental income	15,163	16,039
GL Superb Limited - Sponsorship	<u>55,000</u>	<u>52,000</u>
	<u>70,163</u>	<u>68,039</u>

During the year, trading occurred between the company and a related party in respect of the rental of shop space and cash sponsorship.

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26. **RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D):**

(b) Purchase of services

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Professional fees (note 7)	-	34,631
Lease expense	1	1
Additions to investment property	<u>183,537</u>	<u>150,862</u>

During the year, trading occurred between the company and related party, GL Superb Limited, in respect of construction services and professional services. On 20 July 2018 a board decision was taken to discontinue payment of management fees and instead pay a professional fee in an amount not exceeding 50% of salaries that the Chairman would have been entitled to.

(c) Key Management Compensation -

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Salaries, wages and other benefits	<u>8,311</u>	<u>4,623</u>

(d) The parcels of land on which the leasehold properties are situated are owned by a director and shareholder (see note 15).

Based on an agreement dated 20 December 2016 between Pulse Investments Limited (Pulse) and the related party property owner, leases for the Trafalgar Road and Villa Ronai properties, controlled by Pulse, have been extended to 50 years (to expire in 2066). Peppercorn rent payable for these 50 years, in accordance with the terms of the leases, amounts have been paid up in advance. Under the terms of the extension, if any of the two leases is terminated prior to the end of 50 years, the company and its shareholders will be compensated to the full value of the leasehold improvements and investment made by the company in the properties to then date, as well as any new investments made in the future. These investments totalled in excess of \$1.3 billion at 20 December 2016. The extension of the existing leases was approved by Pulse board at a meeting held on 20 December 2016. At 30 June 2020, the related investments totalled in excess of \$3.2 billion (2019 -\$2.5 billion).

(e) Year-end balances arising from transactions with related parties.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Due to GL Superb Limited	<u>316,161</u>	<u>309,671</u>

The balance due to GL Superb Limited will not be demanded within sixty months.



**PULSE INVESTMENTS LIMITED**  
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27.	<b>PAYABLES:</b>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
	Deposits	4,584	4,349
	Dividends payable	5,315	1,913
	Withholding tax payable	9,112	4,402
	Accrued charges	<u>11,437</u>	<u>9,052</u>
		<u>30,448</u>	<u>19,716</u>
28.	<b>DIVIDENDS PAID:</b>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
	In respect of 30 June 2019 (\$0.005 per share)	32,615	-
	In respect of 30 June 2018 (\$0.004 per share)	<u>-</u>	<u>28,007</u>
		<u>32,615</u>	<u>28,007</u>

By way of resolution dated 4 February 2020 dividend payment of \$0.020 per share was approved by the Board of Directors.

By way of resolution dated 16 February 2019 dividend payment of \$0.018 per shares was approved by the Board of Directors.

As a result of the stock split (note 19), all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

29.	<b>UNEXPIRED SPONSORSHIP IN KIND:</b>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
	Opening balance	128,788	64,666
	Sponsorship in kind generated during the year	<u>197,854</u>	<u>187,402</u>
		326,642	252,068
	Sponsorship recognized during the year (note 6)	<u>(135,608)</u>	<u>(123,280)</u>
	Unexpired sponsorship in kind at end of year	<u>191,034</u>	<u>128,788</u>

Unexpired sponsorship in kind are not recognized in the statement of financial position. During the year, sponsorship in kind utilized amounted to \$135,608,000 (2019 - \$123,280,000).

**PULSE INVESTMENTS LIMITED**  
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**30. IMPACT OF COVID-19:**

In March 2020, The World Health Organization (WHO) declared the novel Coronavirus (COVID-19) outbreak and subsequently the Jamaican Government declared Jamaica a disaster area on 13 March 2020. The pandemic and the specific measures implemented to control its spread via human transmission has resulted in business disruption, slowed economic activities and business operations.

The impact of COVID-19 resulted in a reduction of income for the last quarter of financial year and two to three weeks of the previous quarter. The most affected areas were international model agency commission, rooms business and Caribbean Fashion week's live staging. These revenue stream represents just over 10% of the company's business and given that most of the financial year was not impacted by the novel Coronavirus there was no significant impact on the financial statements as there was reduced cost and increased income and profit from other areas such as media as well as gains on investment property.

At the date of the authorizing of the financial statements rooms business and international model agency commission continued to be impacted by Covid-19. Management is unable to determine a reliable estimate of the financial impact of Covid-19 events on its profitability and financial position for the subsequent period.

**PULSE INVESTMENTS LIMITED**  
**DIRECTORS SHAREHOLDINGS AT 30 JUNE, 2020**

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY
KINGSLEY COOPER	4,745,959,373	
	25,906,128	SAFIA COOPER
	10,059,264	SAMURAI INVEST. LTD
	6,597,672	PULSE LIMITED
HILARY PHILLIPS	427,306,464	
	1,200,000	GRANT, STEWART, PHILLIPS & CO.
JEFFREY COBHAM	25,675,844	
ELEANOR BROWN	NIL	
ROMAE GORDON	39,246,696	
LOIS LAKE SHERWOOD	26,057,136	
SAFIA COOPER	25,906,128	
	<b>5,333,914,705</b>	

**SENIOR MANAGERS**

ROMAE GORDON	39,246,696
SAFIA COOPER	25,906,128
	<b>65,152,824</b>

**PULSE INVESTMENTS LIMITED**  
**TOP 10 SHAREHOLDERS AT 30 JUNE 2020**

Issued Ordinary shares

6,522,952,176

SHAREHOLDERS	SHAREHOLDINGS	PREVIOUS MONTH	CHANGE	%
KINGSLEY COOPER	4,745,959,373	4,749,839,436	(3,880,063)	72.758
HILARY PHILLIPS	427,306,464	427,306,464	-	6.551
			-	
BARITA INVESTMENT LTD LONG A/C (TRADING)	270,692,174	266,495,900	4,196,274	4.150
SHELDON ALEXANDER GORDON	201,898,404	201,898,404	-	3.095
			-	
JASON CARL CARBY	131,928,970	135,928,970	(4,000,000)	2.023
MARSTON GORDON	113,762,107	113,128,593	633,514	1.744
JAMAICA PRODUCTION FUND	81,000,000	81,000,000	-	1.242
			-	
JOSEPH JAMES BOGDANOVICH JR.	66,447,428	66,447,428	-	1.019
			-	
ROMAE GORDON	39,246,696	39,246,696	-	0.602
			-	
BARITA LEASING LIMITED	29,726,232	29,726,232	-	0.456
LOIS LAKE SHERWOOD	26,057,136	-	-	0.399
	<b>6,134,024,984</b>	<b>6,111,018,123</b>		<b>94.038</b>

NO. OF SHAREHOLDERS AT 30 JUNE 2020

JCSD  
MAIN REGISTER  
TOTAL

1142  
99  
1241



# On The Pulse Of Black Beauty And Racial Justice

*Continued from page 5*

COVID-19 and the intersection of a renewed awakening around the importance and significant contribution of black lives may have created the perfect conditions for a paradigm shift in how black talent is perceived and utilised. This is opportunity for manifest growth, development, and financial success.

The pandemic and the attendant lock down/work-from-home ordinances, mixed with the tragedy of George Floyd's death and potent social media, facilitated the groundswell of people power through the Black Lives Matter (BLM) protests.

## Jeneil Williams



This has galvanised a racial justice movement all over the globe. And this time, too, the approach for social justice is deeply layered and encompasses all areas of life beyond voting rights, criminal justice reform, etc. Opportunities for all races to adequately participate in economic activity are now vitally relevant in advancing justice. Social media has catalysed the movement with a salience that will not allow it to fade. The built-in transparency of new media readily puts the powerful under a microscope. Thus, they can be called out for both action and inaction.

## Rectifying The Wrongs

The Black Lives Matter movement and the pandemic have highlighted the racist positions that have maintained the status quo in the beauty and fashion industry for generations. Its leaders have taken notice and are now trying to rectify the wrongs, become more inclusive, and open their eyes to the new dynamic in consumer patterns as well as how the world looks and ought to be represented across all areas of fashion. There is a keen understanding that it is insufficient to simply apologise as per the Condé Nast example. Condé Nast, publishers of Vogue and several other magazines, have been trying to come to terms with the systematic racism throughout its culture. Commitments to act in a racially just manner must be followed by real action. We hope that the new interest in black

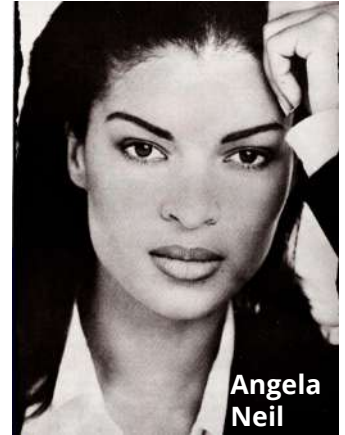
beauty will be sustained and the offerings abundant for talent of colour.

Despite fashion's challenges, marked by the bankruptcy of several large retailers, including the centuries-old Brooks Brothers, along with Ann Taylor, Barneys, Neiman Marcus, Roberto, J. Crew, and Lord & Taylor, it is clear that the new opportunities for black talent fall at the intersection of this pandemic and the racial-justice movement.

The major industry players are keen to feature black models more significantly and with much greater frequency in all aspects of the business. Black-owned businesses are becoming bolder and are moving to the fore to take their place among the best in their categories. In fact, the Barbados-born Rihanna, through her Fenty beauty line, has produced close to 40 shades of make-up foundation to cater to black customers. She has highlighted the deficiencies, albeit inadvertently, of other make-up companies that have long under served the needs of black consumers.

Model agents in New York, the biggest and most lucrative market, are acutely aware of the times, and as that city eases into its final phase of reopening, the uptick of business is notable and even more so for black models. "The market is in need of strong, beautiful black girls. People know what time it is," says Elite's Michele Prior. The requests are coming in at a quick clip, and Pulse's top models are poised to claim these riches of opportunity. Having played their part in creating new paths for black models, Jeneil Williams, Alicia Burke, Francine James will continue to push boundaries in the new movement. And so, too, can Miqueal-Symone Williams, Daniella Davis, Shalisha Stewart and the 2020 class of new faces like Shantae Leslie and Zan Hyde, whose nascent careers are about to take off in these extraordinary times.

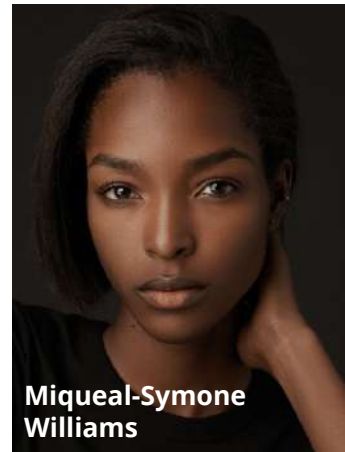
Pulse played a pivotal role in creating success for black models in the international market four decades ago. Now, the company is positioned to engineer an explosion of new talent for the new order that beckons.



Angela  
Neil



Nikki Vassel



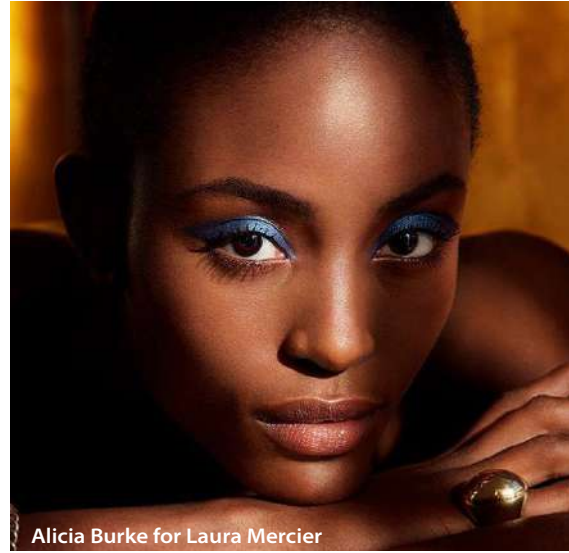
Miqueal-Symone  
Williams



# Pulse Stars for Major Campaigns & Editorials in 2020



Jeniel for  
TOM FORD  
BEAUTY



Alicia Burke for Laura Mercier



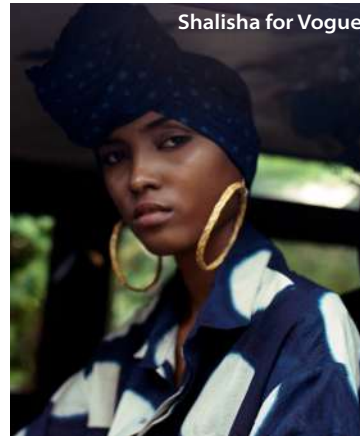
Francine for Volatile



Francine for Volatile



Daniella for Marc Jacobs & Grazia



Shalisha for Vogue



Shalisha for Hermès



Alicia for  
DUJOUR.



Alicia for Madame Figaro, France



Daniella for Grazia



# VILLA RONAI

*A world of timeless beauty*



## PULSE

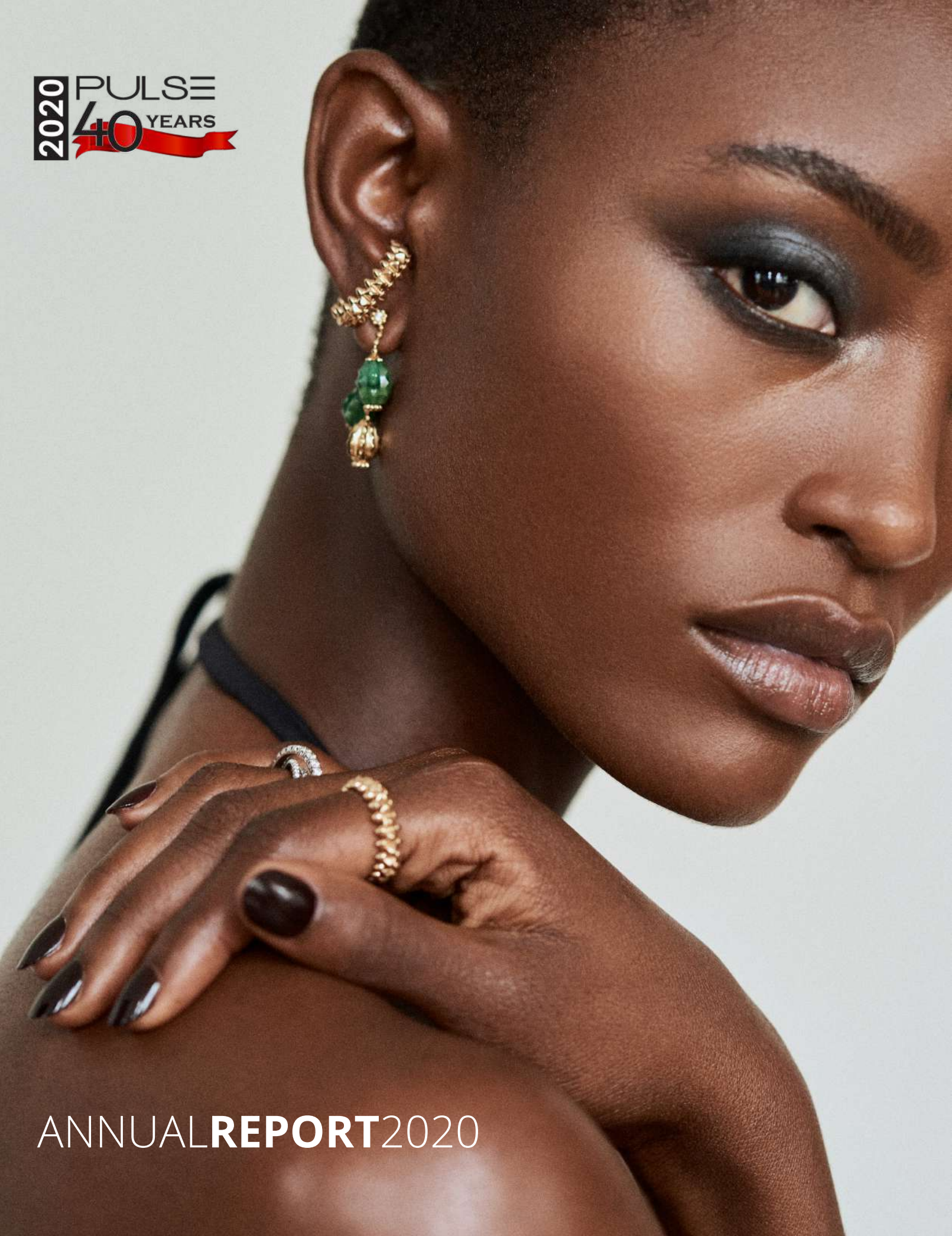


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2020 PULSE  
40 YEARS



ANNUAL REPORT 2020